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619

OUTGOING TELEGRAM Department of State

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Origin

SENT TO: Amembassy, BENGHAZI 130

Info:

INFO TO: Amembassy, TRIPOLI (POUCH)
Amembassy, LONDON (POUCH)
Amembassy, PARIS (POUCH)

JOINT STATE-DEFENSE-ICA MESSAGE

773.5-MSP/7-1159
YR 711.56373

Embtels 683 and 24 have been reviewed carefully with Defense and ICA. While we wish be responsive and appreciate importance providing you with basis for reply to Libyan requests of March 13 before electoral campaign gets underway, we must also hold cash grants to minimum and wish avoid exceeding FY-59 aid level if possible or giving multi-year commitment. Accordingly you authorized present following proposals to Kubaar:

1. You authorized acknowledge orally and informally that US regards aid to Libya as part broad program of cooperation between two countries of which military facilities are also a part. FYI Defense most reluctant accept any formal designation present or future payments as QUOTE rent UNQUOTE. END FYI

2. Although recent cash grant was not repeat not intended set precedent, US prepared extend this general approach for another year. Therefore, ~~xxxx~~ USG prepared make available to GOL

773.5-MSP/7-1159

RM/R
Final
Rev.
Dat

Drafted by: ICA:OAFE:SButterfield:
AF:AFN:ABAllen:RBParker:nf 9/9/59

Telegraphic transmission and classification approved by: AF - William J. Porter

Clearances:
ICA - D. A. Fitzgerald, DD/O
DEFENSE - Mr. Bronez
U/MSC - John O. Bell

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$10 million cash grant aid in Libyan fiscal year beginning April 1, 1960. This would include QUOTE special purpose UNQUOTE funds from US FY-1961 commitment. MSP portion this grant would be made for use by Libyan Development Council for economic development projects. US would expect to prescreen broadly projects selected for MSP financing in light policy and Congressional considerations and to receive information to permit adequate report to Congress on use of funds. FYI As Embassy/USOM aware USG views unrestricted cash grants as undesirable. However when for over-riding political reasons it deemed necessary make an MSP cash grant we prefer it be made for development purposes and administered in manner enable US determine it used prudently. END FYI

Additional FY 1960 MSP will be handled under normal procedures. Aid levels 3./ will be transmitted shortly.

/ GOL may be assured USG will continue view Libyan needs sympathetically as in past, within limitations our worldwide responsibilities.

4. In view our willingness depart from normal aid procedures to this extent, which beyond requirements firm 1954 agreement, we expect GOL continue ensure our unhampered use military facilities.

We leave your judgment at what time and in what manner you wish present offer particularly in view recent substantial grant made GOL from FY-59 MSP funds. FYI Before funds actually transferred next spring we may need obtain several waivers such as MSP Sec 517 and 516 and East-West Trade requirements. END FYI

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CORRECTION

773.5-MSP/7-1159

Cards corrected.

CORRECTION ISSUED
OCTOBER 3, 1959.
CONTROL 1005
October 2, 1959
5:57 PM

SENT TO: Amembassy BENGHAZI 130

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The SERIAL number of this message recorded as UNNUMBERED to BENGHAZI should be corrected to read 130 to BENGHAZI.

Drafted by:	Telegraphic transmission and classification approved by:
Clearances:	CORRECTION

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